

**TENNESSEE STATEWIDE HEALTH REFORM DEMONSTRATION  
JULY 1, 2002**

**FACT SHEET**

<b>Name of Section 1115 Demonstration:</b>	TennCare
<b>Date Proposal Submitted:</b>	February 12, 2002
<b>Date Proposal Approved:</b>	May 30, 2002
<b>Date Implemented:</b>	July 1, 2002
<b>Approved Through:</b>	June 30, 2007

**SUMMARY**

TennCare is a statewide program to provide health care benefits to Medicaid beneficiaries, uninsured State residents with income below specified limits, and uninsured residents at any income level if they have medical conditions that make them uninsurable. Medicaid enrollees who are also enrolled in Medicare are not included in this demonstration. All enrollees are served in capitated managed care organizations (MCOs) that are health maintenance organizations (HMOs).

**ELIGIBILITY**

In addition to covering Medicaid eligibles and uninsured women under age 65 who have been CDC certified as needing treatment for breast or cervical cancer, the State has been approved to cover the following populations up to the income levels indicated (subject to the State's budget appropriation):

- Uninsured, without access to group health insurance, up to 200 percent of the Federal Poverty Level (FPL),
- Medically eligible, uninsured, at any income level who meet the medical criteria.
- Grandfathered- children, enrolled in the previous demonstration as uninsured, as of 12/31/01, who have access to group health insurance, under 19, under 200 percent FPL. (Will move to the Employer Sponsored Insurance (ESI) program when implemented.)
- Grandfathered- with Medicare but not Medicaid, enrolled as of 12/31/01 as uninsurable, at any income level. (Will only receive pharmacy benefits.)
- Second Phase- TennCare Assist- employed, with access to qualifying ESI, up to 200 percent FPL.

**Coverage as of July 1, 2002:**

The State will limit coverage of the Uninsured, without access to group health insurance as follows:

- Currently enrolled Uninsured children, up to age 19, up to 200 percent FPL.
- Currently enrolled Uninsured adults, up to 100 percent FPL.

The State will limit coverage of the Medically eligible, as follows:

- Currently enrolled Uninsurables without access to group health insurance, who meet the medical criteria.
- New applicants without access to group health insurance, with income below 100 percent FPL, who meet the medical criteria.

The two grandfathered populations will be covered, as approved.

The TennCare Assist program is not scheduled for implementation in the State's 2003 fiscal year.

No open enrollment period will be held other than for Medicaid coverage and for Medically eligible with income below 100 percent FPL, both of which will be subject to continuous enrollment.

## **BENEFITS**

There are four distinct benefit packages (Medicaid, Standard, Pharmacy-only and Assist.)

- **TennCare Medicaid** (for Medicaid qualifying enrollees)

Those entitled to Medicaid will receive the previous TennCare demonstration benefit package with these changes:

- Home health visits for adults will be limited to 125 visits per year.
- A three-tiered nominal pharmacy copay will be implemented (\$1 for generic drugs, \$1 for single source brand name drugs, and \$3 for multi-source brand name drugs.)
- Sitter services, cataract glasses, convalescent care and private duty nursing will not be covered for adults.
- Dental services will be provided through a dental benefits manager (DBM).

- **TennCare Standard** (for Uninsured, Medically eligible and Grandfathered children)

The demonstration enrollees will receive benefits comparable to the State employees Health Maintenance Organization package. Enrollees with incomes above 100 percent FPL will pay premiums and copays (similar to the previous demonstration). There are no copays for preventive services. There is a \$25 copay for hospital emergency room services (waived if patient is admitted). A three-tiered pharmacy copay will be implemented for enrollees under 100 percent FPL (\$1, \$3, \$5). A higher three-tiered pharmacy copay applies to enrollees over 100 percent FPL (\$5, \$15, \$25).

EPSDT is not a part of the benefit package in that some services such as dental, home health, equipment, supplies and vision are limited. However, all EPSDT screenings are covered. Urgent and emergency dental is covered. Routine dental services may be purchased for children through the DBM.

- **Pharmacy-only**

The grandfathered Medicare enrollees will receive pharmacy benefits with the appropriate TennCare Standard three-tiered pharmacy copay.

- **TennCare Assist** (to be implemented at a later date.)

The State will cover up to 40 percent of the cost of employer-sponsored health insurance coverage that offers at least a basic HMO package, has a 60 percent employer contribution and limits employee out-of-pocket expenses to \$2000 per individual, \$4000 per family. The State's cost cannot exceed the cost of comparable coverage under TennCare Standard.

#### Cost sharing

1. Persons enrolled in TennCare will share in program costs via enrollment premiums and copayments for services.
2. Those who are entitled to Medicaid will have nominal copayments for pharmacy services.
3. Non-Medicaid entitled persons will pay monthly premiums based on income to enroll in TennCare Standard.
4. Copayments for TennCare Standard enrollees with incomes above 100 percent of the FPL will be continue to be assessed for all health care services. There are no copayments for preventive services. The annual out-of-pocket maximums for TennCare Standard copays are as follows:

100% - 199% of poverty	\$1,000 individual; \$2,000 family
200% of poverty and above	\$2,000 individual; \$4,000 family
5. TennCare Standard enrollees will also pay copayments for pharmacy services without regard to income.
6. The annual out-of-pocket maximums for the grandfathered pharmacy copays are \$360 per individual.
7. Those who wish to enroll as medically eligible will be assessed a \$25 evaluation fee.

#### **DELIVERY SYSTEM**

The State has contracted with 9 MCOs. The MCOs contract with providers on a fee-for-service or capitation basis. Children in State custody or at risk of custody are enrolled in one of the MCOs (TennCare Select, non-risk) and services are provided through the existing State delivery system.

For the first eighteen months of the new demonstration, all MCOs will operate under non-risk contracts with the State.

#### **TENNCARE PARTNERS PROGRAM**

The TennCare Partners Program provides behavioral health and substance abuse services to all TennCare enrollees through a complete carve-out program. All mental health and substance abuse services including those provided through the Tennessee Department of Mental Health and Mental Retardation are provided through behavioral health organizations (BHOs).

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